From:	ehud barak <ehbarak1@gmail.com>
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CC:	
Date:	Fri, 6/7/2013 11:15:00 AM
Subject:	Re: ReferenceOnly : (BN) China Export Growth Seen Halved in Fake-Data Crackdown: Eco

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On Jun 7, 2013, at 9:16 AM, Avi Tiomkin wrote:

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> (BN) China Export Growth Seen Halved in Fake-Data Crackdown: Eco
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> China's crackdown on fake export invoices used to disguise mone flows is probably cutting the nation's trade figures, revealing
> subdued global demand that will weigh on economic growth.
> Outbound shipments may have grown 7.1 percent in May from a year
> earlier, less than half the previous month's reported 14.7
> percent, based on the median estimate of 34 economists ahead of
> data due June 8. Import growth probably slowed to 6.9 percent
> from April's 16.8 percent, a Bloomberg News survey showed.
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> China Export Growth Seen Halved in Fake-Data Crackdown: Economy
> 2013-06-06 01:37:28.990 GMT
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> By Bloomberg News
> June 6 (Bloomberg) -- China's crackdown on fake export invoices used to disguise money flows is probably cutting the nation's trade figures, revealing subdued global demand that will weigh on economic growth.
> Outbound shipments may have grown 7.1 percent in May from a year earlier, less than half the previous month's reported 14.7 percent, based on the median estimate of 34 economists ahead of data due June 8. Import growth probably slowed to 6.9 percent from April's 16.8 percent, a Bloomberg News survey showed.
> Successful deterrence of fraudulent data through regulatory scrutiny of companies and banks would help restore trust in trade figures, while more accurate numbers may also highlight the urgency for Premier Li Keqiang to shift growth toward domestic consumption. Weakness in exports could also test Li's reluctance to add stimulus to support the expansion of the world's second-biggest economy.
> "The crackdown from China's foreign-exchange authorities on fake invoicing will bring the inflated export growth down to the real trend, which is single digits," said Zhang Zhiwei, chief China economist at Nomura Holdings Inc. in Hong Kong, who projects export gains of 5 percent for May. More broadly, China's economy "is weakening but is not collapsing," said Zhang, who previously worked at the International Monetary Fund.
> Then MSCI Asia Pacific Index was unchanged as of 9:19 a.m.
> in Shanghai today.
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> Inflation Figures
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> The trade data from the General Administration of Customs will be followed June 9 by National Bureau of Statistics releases on prices, industrial production, retail sales and investment that are forecast to show little change from April growth figures. New yuan loans may have increased to 850 billion yuan ($139 billion) from April's 792.9 billion yuan in People's Bank of China numbers due over the next week, based on the median estimate in a Bloomberg News survey.
> The benchmark Shanghai Composite Index of stocks has declined for five days, the longest losing streak since March.
> Economists in a separate survey last month said January- April export growth was overstated by 4 to 13 percentage points.
> Shipments abroad probably rose 8.5 percent in the first four months of 2013 from a year earlier, based on the median estimate of 15 economists, less than half the official 17.4 percent number. Imports may have gained 8.25 percent, according to 14 analysts' median estimate, compared with the government's 10.6 percent figure.
> The figures compare with South Korea's reported 1 percent increase in exports in the first five months of 2013 and a 1.3 percent January-April gain reported by Taiwan. China's official Purchasing Managers' Index for manufacturing has shown new export orders contracting for four of the past five months.
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> Regulatory Efforts
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> Slower growth in last month's official trade data may reflect measures announced by China's State Administration of Foreign Exchange to crack down on speculative funds entering the country disguised as payments for trade.
> The currency regulator said May 6 that it will send out warning notices to companies whose goods and capital flows don't match as well as those bringing large amounts of cash into China. SAFE on May 22 told banks to improve checks of customer documents related to special trade zones amid speculation that the areas have been exploited to mask money inflows as exports.
> Double-counting in the zones probably continued to inflate May's figures, said Steve Wang, chief China economist in Hong Kong for Reorient Financial Markets Ltd., an investment bank backed by the Chinese government. While exports probably rose
> 9.3 percent in May, the true rate may be close to 4.6 percent excluding distortions from double-counting in the zones, Wang said.
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> Fraud Probe
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> The customs administration didn't respond to faxed questions yesterday from Bloomberg News or to other inquiries on the issue since it held a press briefing on April 10. Zheng Yuesheng, an agency spokesman, said at the time that China is investigating possible fraud behind first-quarter export growth and that the practice of false trade declarations "does exist but is definitely not mainstream."
> Some Chinese exports face other issues. The European Union this week said tariffs of as much as 67.9 percent could be imposed on solar panels from China in the largest EU commercial dispute of its kind, affecting Chinese companies like Yingli Green Energy Holding Co., Wuxi Suntech Power Co. and Changzhou Trina Solar Energy Co.
> The slowdown may be too much for the government to stomach, said Hu Yifan, chief economist at Haitong International Securities Co. in Hong Kong, who previously worked at the World Bank. Authorities may start "active supportive policies,"
> including a cut this month in banks' reserve-requirement ratio, said Hu, the only analyst surveyed to project a May decline in exports.
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> GDP Forecasts
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> China's gross domestic product expanded a less-than- estimated 7.7 percent in the first quarter and analysts last month trimmed forecasts for the April-June period to a median projection of 7.8 percent. The government in March set a goal of
> 7.5 percent for the year.

> “The pressure on the Chinese leadership may grow to do more to boost domestic demand,” such as faster approvals of investment projects, said Sun Junwei, a Beijing-based economist at HSBC Holdings Plc. “The government doesn’t want another stimulus package, but it won’t like a deepening slowdown either.”
> Around the world today, economic releases will include house prices in the U.K., U.S. jobless claims and factory orders in Germany. The Bank of England will probably decide to hold its target for bond purchases at 375 billion pounds ($577 billion), according to a Bloomberg News survey of economists.
> The European Central Bank will keep its benchmark interest rate unchanged at 0.5 percent today, according to a survey of analysts.
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> --Xin Zhou, with assistance from Cynthia Li in Hong Kong, Ailing Tan in Singapore, Sarina Yoo in Seoul and James Mayger in Tokyo.
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